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WHY FARMERS MUST ORGANIZE FOR BUSINESS

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WHY
FARMERS
MUST ORGANIZE FOR BUSINESS

COMMODITY
COÖPERATIVE MARKETING

AN ECONOMIC REMEDY
FOR AN ECONOMIC ILL
BASED ON SOUND BUSINESS AND FINANCIAL
PRINCIPLES

Senator Carter Glass, of Virginia, endorses business program for farmers as outlined in address by Aaron Sapiro, of California, before the National Council of Farmers' Co-operative Marketing Association in Washington December 14-16, 1922

ISSUED BY THE
DEPARTMENTS OF INFORMATION
OF THE
TOBACCO GROWERS CO-OPERATIVE ASSOCIATION
AND THE
NORTH CAROLINA COTTON GROWERS
CO-OPERATIVE ASSOCIATION
RALEIGH, N. C.

CAPITAL PRINTING CO., RALEIGH

Says Co-operatives Here to Stay

EUGENE MEYER, Jr., managing director of the War Finance Corporation, in an address before the National Council of Farmers' Co-operative Marketing Associations in Washington in December, 1922, emphasized the fact that co-operative marketing associations have come to stay, and that they are destined to play an important part in the economic development of the country.

"As a banker lending the public's money," said Mr. Meyer, "I believe in the co-operative marketing associations. I believe that the spread of the movement, beginning with the first loan made by the War Finance Corporation to an association in July, 1921, has done more to facilitate recovery from the acute and extreme depression of last year than any other single factor. I believe that the steadying influence of the co-operative marketing associations, carrying out a program of orderly marketing and establishing credits on a sound basis with the War Finance Corporation and with the banks of the country has materially shortened the period of depression."

If farmers by acting together can do the things that need to be done more efficiently and economically than private enterprise, then organized effort can not only be justified, but it will be rewarded to the extent that the new method is more efficient than the old.—Henry Wallace, Secretary of Agriculture.

The movement for the co-operative marketing of farm crops has occupied the minds of farming and business people as no other one subject has, and public opinion has made up its mind to give the new system a fair trial.—Dr. B. W. Kilgore, Director of the North Carolina Agricultural Extension Service.

Sound and Rational, Carter Glass Declares

CONCERNING Aaron Sapiro and co-operative marketing, U. S. Senator Carter Glass from Virginia, formerly Secretary of the Treasury in President Wilson's cabinet and chairman of the committee in Congress which framed the Federal Reserve Act, writes in a recent letter to Jno. R. Hutcheson, Director of Extension in Virginia, as follows:

"Dear Mr. Hutcheson:

"On my return from a visit of several days to my home in Virginia, I find yours of December 18th, asking me to give you my impression of Mr. Sapiro and his ideas. I may say that Mr. Sapiro seems to have made a searching analytical inquiry into every phase of agricultural activity and to have mastered both the philosophy and the details of the problem with which he undertakes to deal. He is undoubtedly very sound, and likewise is rational in his presentation of his views. He believes in the equality of responsibility and opportunity. He desires to impress the farmer with the importance of helping himself, and merely wants Congress to provide a credit medium through which the farmer may most effectively work out his own good fortune. He does not propose to dip into the common tax fund of the American people and appropriate a part of it to the exclusive use of a single class; he puts the farmer on a higher plane than is assigned to him by the average political demagogue in trying to get his vote. Mr. Sapiro doesn't believe that the average farmer is a pauper, waiting for some legislative body to drop something in his hat. He pictures the farmer as a man of sense and dignity and character, who has not been quite wise enough until recently to engage in concerted action for the purchase of his supplies and the orderly marketing of his produce, but who is now keenly conscious of this mistake and is seeking to correct it. All he wants or asks for the farmer at the hands of Congress is so to modify existing systems of credit as to enable the farmer the more readily to carry these plans into effect.

"If the average farmer would ponder what Mr. Sapiro says and proposes, the entire farming community of the United States would, by degrees and surely, surmount the difficulties which hitherto

have retarded progress. The trouble has largely been that too many farmers listened to the siren song of conscienceless political demagogues. I am for Sapiro and against the demagogues. I am for that kind and measure of co-operation which will enable the farmer to sell his produce for a profit and against that kind of co-operation which simply induces him to give his vote away to every braying demagogue who hands out a patent medicine remedy for every ill to which the farmer is heir. When I read in the newspapers that Oliver J. Sands, a successful banker and business man at Richmond, had been made managing director of the Tobacco Growers' Co-operative Association in Virginia and North Carolina, I could not refrain from expressing to him my satisfaction that he had been chosen instead of some mouthing agitator who liked to be heard for his much talking. If the farmers of Virginia will hitch their wagon to men of this type instead of to a political star, they will get somewhere and soon make the industry what it ought to be.

"With best wishes for the new year, believe me,

"Sincerely yours,

"(Signed) CARTER GLASS."

The Farmer Is Co-operating

Address by AARON SAPIRO, "The Farmer Is Co-operating." Delivered at the opening session of the First National Conference of the Farmers' Business Organizations, Washington, D. C., December 14, 1922.

FOR more than sixty years men in the cities have been accustomed to hear of all kinds of movements coming from the farm, and in the great majority of cases those movements have been political, and those movements have been tinged with things that are usually called radical. This is a meeting of men from the farms and representatives of the men from the farms called deliberately for the purpose of bringing under one roof the men who are thinking in commercial terms, of the commercial problems of the farmer. We are not going to strike a single political note in this entire meeting. We are not going to talk or think of jobs; we are not going to talk of opportunities; we are not going to talk or think of any political theories; we are not going to think or talk of anything except express problems arising out of the economic things that face the man on the farm.

The average farmer simply has been interested in producing something, and then in selling it at the best price that he could obtain. He has been discontented because these prices have not been adequate. He has become desperate because he has felt helpless. And when he goes to the so-called academic leaders, or when he has gone to the ordinary farm leaders, they have simply said to him—"Supply and demand determine price, and as long as supply and demand determine it, we cannot help it." The average leader has forgotten to tell the farmer that there are two movable factors in supply and demand, and those movable factors are the time and place; and that it is possible for the farmer by right joint action to control these movable factors in supply and demand. Then the farmer sat back and became helpless, helpless in his economics, and began to feel the strength of his politics. He always remembered that if he did not have a dollar he did have a vote. And then men would come to him and cash in what he did have, namely, his voting power. They would come and paint for the farmer some great paradise that they would create by political action; and on that ac c unt the farmer has been hurried into more political movements than any other single group of citizens in the United States. As a whole his political efforts have failed because it is a mighty

good principle for us to recognize that you can't solve an economic problem by purely political means. If there is something wrong with the economic system we first must investigate to see if we cannot find an economic remedy for that economic ill.

An Economic Remedy

Now, you, the leaders of co-operative marketing in the United States, have been the men who, in the last few years, have brought to the farmers of this country an economic remedy for their economic ills. You are the spear point of the most important development in agriculture, and in American life, that this generation is seeing. You are the leaders who are turning the whole mind of the farmer from desperate remedies, from the things that arise out of helpless, hazy misunderstandings of his situation; you are the leaders who are turning that mind actually towards the light.

Farmers are in a peculiar kind of industry. It's the only industry in this whole country that is characterized by individual production. Everything else you know, the manufacture of steel rails, the manufacture of chairs, the manufacture of tables, the manufacture of clothes, all those things are done in factories, where you have group production, and wherever you have group production you have needed group capital; and wherever you have group capital and group production we have always had group marketing, and our entire country, as far as its industrial systems are concerned, has been built up on the theory of group production, group distribution, group capital, and group marketing; and the distribution facilities are based on a group idea. So financial facilities were based on the needs of the group ideas; and we, thinking from the farmer's standpoint, found ourselves misadjusted because we forgot to study the character of agriculture, which is individual production, to see how we could make that fit into the existing system based on group production.

Now, one of the characteristics of individual production is that where a farmer produces as an individual he always gets the idea that he should market as an individual, and marketing is never an individual problem, because no man in the world can market intelligently without knowing what the whole crop is, without knowing what the absorbing power of the markets might be at any given time, without knowing what are the channels through which the thing will move, without knowing how

he can get finances to enable him to do orderly marketing during that interval. Marketing, in its very nature, is a group problem, and the fundamental blunder of the farmer has been that as an individual he has attempted to solve a group problem by individual action.

What Has Been Result?

Well, what's resulted? A million men and women raised cotton. Each one of them brings his cotton in to market after it has been ginned; and he starts in to offer it on the market. He does not know its grade; he does not know its characteristics as to color, and so on. He simply takes it to a street buyer and urges the street buyer to take the cotton. And what happens? The farmer does not know how much cotton the market can take at that time without a collapse. He does not know whether the expected crop is ten million bales or fourteen million bales. He hears all kinds of news, and most of it is the news supplied by the street buyer who has an antagonistic interest to that of the farmer. The individual farmer has not any money, so that he can even wait a few days within which to sell his cotton, because he owes money for the production of the cotton; and unless he gets some immediate money his creditors may foreclose on him and take that cotton away. So he is impelled to sell it immediately, not by reason of supply and demand, but by reason of his bad credit situation, he is compelled to sell it immediately and blindly on a market that he knows absolutely nothing about. What is the result? Each one of these farmers dumps his cotton on the market against every other farmer who is selling cotton. You have ten or twelve of them each urging the street buyers to buy his cotton. You have cotton competing against cotton for the buyer, instead of having buyer competing against buyer for the cotton, and the result is that the farmers by individual selling break the prices of their own products. The farmers must never blame boards of trade or exchanges or speculative buyers when their prices are low. The farmers have developed the system of individual selling, which makes low prices inevitable, as far as the farmer is concerned. Individual selling means dumping. Dumping means low prices; and the speculator simply stands on the side and does what you or I would do if we were in the same place: he picks up the cotton, he picks up the wheat, he picks up the tobacco, he picks up the

cheese and butter and prunes and beans and eggs; he picks up all these products at the cheapest price he can, and sells them at the highest price he can. He does what you or I would do if we were in his place, and the farmers, by individual selling, make it possible for him to buy at the lowest price from the producer and sell at the highest organization price to the ultimate consumer. Now, the only man who is really to blame for that situation, and the only man who can really cure that situation, is the farmer, and he can't do it by help from the government; he can't do it by prayer; he can't do it by indignation. He can only do it by seeing the problem and then organizing from an economic standpoint to solve that problem. And here is what we have found, that wherever you have the right kind of co-operative marketing association, with the commodity organization, you stop the dumping of farm crops, and you substitute for dumping the merchandising of farm crops, and the merchandising of farm crops means simply the control of the movement of those farm crops so that they go into the markets of the world at such times and in such quantities that they are absorbed at prices that are fair under given commercial conditions.

One Farmer Can't Merchandise

No one farmer can merchandise his crop, but every co-operative organization on the commodity line can merchandise crops because then you get a commodity association and you have reached the same point as ordinary business in the United States.

The Ivory Soap manufacturers, Procter & Gamble, have organized their industry from a commodity standpoint. They manufacture Ivory Soap cheaply in Cincinnati. They sell it all over the world, and chiefly in the United States. They calculate just what each district can take. They help these districts take the soap by proper advertising. But each time they are merchandising. They do not dump into California three times as much as California will use. They let every section of the country get what that section can take and absorb at a fair price, and if they have a great deal of soap on hand they know that can be kept for a long period. They do not sell it in five days just because they happen to have it on hand, but they sell it gradually and slowly as the market will absorb that product. And that's what we call merchandising, as against individual selling or dumping.

Now, the one aim of co-operative marketing by farmers is to merchandise crops instead of dumping crops. It is not to fix prices. It is not to create any artificial basis for prices. It is to apply to the great farm industry the principles which have been approved by every important industry in the entire United States, and in fact all over the world.

Now, the technique of co-operation has really been worked out. There has been enough experience with co-operatives that have failed, to understand the reasons for those failures. There is enough experience now with co-operatives that have succeeded to be able to put your finger on the reason for success. With every co-operative that has succeeded the aim is merchandising.

Technique of Marketing

The technique can almost be put into a nutshell, and it's this: First, to distinguish perishable products from products that are either non-perishable or that can be made into non-perishable; and then to build up around each one of those types its own kind of association; but in all cases to organize to sell by the commodity and not by the locality. You must organize by the locality to receive, to pack, and to store. But you must organize by the commodity in order to market. Every interest in the United States except farming is organized to sell by the commodity, and until the farmers learn that point of technique, their co-operation is in vain. That is why three thousand or so alleged co-operative elevators in the Middle West have done a real service in grading, receiving and storing, but have been unable to solve the marketing problem of the wheat growers. That is why the couple of thousand of cheese factories in Wisconsin have done a real service in the manufacture and grading of cheese, but have not yet solved the problem of marketing cheese. You can organize by locality for manufacturing, for receiving, for grading, for packing, for storing, but you must organize by the commodity for marketing purposes. So, if you get the aim clear, which is to merchandise, and get the technique, the chief point of which is to organize by the commodity instead of locality, and then if you get business men to manage the associations instead of untrained men, the results are inevitable. And we have been learning that, because all of you men represent associations where the farmers have learned that farm experience does not make a man an expert in selling, and that the farmers, in order

really to get a chance in the markets of the world, must have the right kind of organization, with the right kind of aim, and experienced, able business men hired by the association to control all of their technical and commercial operations. These are the three big things you and I have been learning in co-operative marketing.

An Audit of Results

Let us get a sort of audit of the results up to date. In California we have, first, our dried fruit organizations. Those dried fruit organizations represent the highest type in the United States of successful crop co-operation. They have the largest percentage of their group of industries completely organized. You all know about the merchandising results of the raisin growers and the peach growers, and the prune and apricot growers. That is the best organized single unit of farm crops in the United States at this time, and it is the most prosperous group of growers anywhere in the entire United States.

The second best organized industry in this country, as far as farmers are concerned, is the tobacco industry. That's of much more importance, of course, than the dried fruit industries, from the standpoint of numbers of men engaged in it, because if we are to take the dried fruit associations, as a whole, they represent, say, approximately thirty to thirty-three thousand actual dealing members; but our tobacco associations that are now organized and operating are as follows: The Burley Tobacco Growers' Association, with 77,000 members, handling almost eighty-five per cent of the burley tobacco crop of the United States. Then there's the Dark Tobacco Association, with approximately 57,000 members. There's the Virginia-Carolina Tobacco Growers' Co-operative Association, with approximately 85,000 members. There's the Connecticut Valley Tobacco Association, with about 3,800 members. There's the Wisconsin Co-operative Tobacco Pool, with 6,200 members. Almost 70 per cent of all the tobacco raised in the United States will be handled by co-operative associations over the season of 1922 and 1923. So that, considered from the standpoint of national products, the tobacco industry is the best organized industry in this land; and all that work has been done in a period of less than two years, done chiefly through the leadership of Judge Bingham, your chairman, and the wonderful technical work

of a man named Passeneau, from the State of Washington, and another man named M. O. Wilson, from the State of Virginia. They not only signed up their growers, but they signed up their growers under the five-year pooling contract, which many of us believed could not possibly be signed by growers by the thousands in any section of the country except California. They have done the impossible, and they have done it in a period of less than two years of active campaign work.

Now, the third best organized industry in a co-operative line in the country is the nut industry, including the almonds of California, the walnuts of California, and the peanut groups in Virginia and the Carolinas.

Next, and most important of all in certain respects, we have the dairy groups. Today there are among the dairy groups represented by Milo Campbell as president of the National Milk Producers' Federation, over 300,000 farmers actually co-operating in different dairy associations throughout the United States.

Next is the cotton crop. There are nine cotton associations in the United States today, each organization under the regular five-year long term pooling contract, the so-called California plan. They are handling this year somewhere between eight and ten per cent of the total American crop, and in the opinion of experts they are dominating the whole cotton market, because all through the South the merchants, some of the outside growers, and quite a few of the bankers are patterning their policies after the very wise policies of merchandising set by the American Cotton Growers' Exchange.

Of the great industries, tobacco first, and cotton second, have learned to dominate their groups through co-operative merchandising methods.

There are also movements in wheat, soft fruits, vegetables and livestock.

In groups that I have been outlining, now, there are more than 870,000 actually signed members, and they will handle, over the season of 1922 to 1923, more than one billion dollars' worth of farm products in a merchandising fashion. At least one billion dollars' worth of our things will not be dumped on the markets, but will be merchandised in the same way that every big business of this country now merchandises.

Legitimate Field for Co-operatives

I would say, if I have to summarize co-operative situations, that the way is open to prove several things, first, that there's a legitimate field for co-operative marketing, and that co-operative associations, organized with the right aim, organized on the right technique and led by real commercial men, are inevitably successful. We not only can prove that, but we are now at the point of saying that farmers themselves will recognize it, because there are more men today signed up and delivering products to these co-operatives than are connected with any other farm organization in the United States of any type or character, no matter how old that organization is.

This is the movement to which the farmer-mind is now turning. And that brings us to the key of the meeting. The farmer-mind is turning from the old political leaders. The farmer does not want to be deluded any more; the farmer does not want to be told, "Yes, follow me, and I will give you an easy way into government money." The farmer does not want to be told that you and I may work out for him some raid on the Treasury. The farmer of the United States really wants us to come to him and show him how he can work out for himself some method under which he does not have to ask a favor from any man on earth. The farmer of the United States is teaching, just as we are helping to teach him, that the biggest industry in the United States does not need nor ask charity, but that the biggest business in the United States is demanding a right to be on the same par as all other businesses, and is demanding that the agencies of government shall not discriminate against the farmer. And that's the thing that you have been helping to teach the farmer. It's not the old leadership in which a man puts his ear to the ground and finds out that the farmer wants such and such a thing and then gets up and leads the farmer to that, because the farmer does not think in terms of economics unless somebody helps him to do so. He lives alone. He's not a university graduate as a class, and he does not read much in economics, except lately. He has not even learned really to absorb his wonderful farm papers until the last few years. If we do not lead the farmer right, there should be on us the greatest curse that bad citizenship ever puts on a man. If we simply listen to a few of the louder-mouthed among the farmers, who want something easy which ought not to come

to them; and if we, listening to those men, say this, that we will try and get them that thing, then we have betrayed our trust. If we listen to the desperation of the farmer, if we listen to what we know is misunderstanding on the part of the farmer, we are traitors to the leadership that the farmers have imposed upon us.

Root Out Class Prejudice

We are not going to stay here and avoid class p ejudice. We are going to see if we can root out class prejudice by fitting in the farmer to the other good elements of the United States. We are not going to listen to the old wild idea that the way to handle the farmer is to wave a red flag and say this, "Let's all get together and hate Wall Street," or hate something else. We are not going to go to that kind of leadership; but we are going to calmly say, "Is there an economic basis for improving conditions on the farm?" Yes, it's co-operative marketing. Is there a way in which co-operative marketing can better serve the interests of the farmer? Yes, there are those ways; and you and I, with the common interest, we are going to discover them.

Now, I for one believe that I represent the sentiment of the vast majority here when I say that we are not here as an organization against any one, but that we are here as an organization solely to improve ourselves and our own associations, so that we can get the benefit of the things that have developed with the progress of industry in this country.

For example, the first thing we are here to talk about is rural credits. We have had to learn something about rural credits. Above all things, we have learned that every banker in the country is not the enemy of the farmer. We have learned that the local banks—the country banks—are absolutely the keystone to any credit system for agriculture for this entire country; but that the country banker has had his hands tied by reason of the fact that the farmer has never been organized so as to take advantage of the existing credit system.

Rural Credits Big Thing

Rural credits—it's a big thing. Where does it stop? Rural credits mean credits that the farmer needs at some time in his existence. Let's use the term for a while "farm credits" instead of "rural

credits." Where does the farmer first need help? Well, he needs help when he buys a farm; he needs help for the acquisition of his farm. How does he get that money? Well, most of them borrow more money from local banks and give the local banks deeds of trust or mortgages. Some of them buy the long-term contracts, and do not take title until the contract is fully authorized in money from some of the farm land banks or joint stock land banks. The farmers' standpoint, as far as the acquisition of property is concerned, has already been helped, first, by local banks; second, by the government, with the farm land banks; and, third, by the government law which permitted the formation of joint stock land banks with tax-exempt securities.

A real thing was done for the farmer by the farm loan with this tax exemption on securities issued against his mortgage on the loans for the acquisition of farm property.

The second problem the farmer faces on farm credits is when he has the farm he has to do something with it; he has to raise something there. But he has needs, too—he needs seed and equipment for production purposes. And, more than that, he has got to keep himself alive during the period while the product is growing. So he needs for production, first, an equipment credit; and, second, he needs a maintenance credit. And in some sections of the United States, like the Carolinas and Georgia, more than 75 per cent of the farmers need a maintenance credit during the time of production of crops.

The third type of credit that the farmer needs is marketing credit. That is, when his commodity is in existence, he has to have some credit to enable him to do orderly marketing with that commodity.

There are three types of commodities that enter into credits: Commodities that are of constant production, like milk, and eggs and livestock. Then there are commodities of seasonal production, like alfalfa, strawberries in California, and so on; then there are commodities of annual production, like cotton and wheat and corn and hay and tobacco, and things of that type. Now, wherever you have any crop of annual production that is used all through the year, somebody carries it from month to month until the crop is actually consumed. Right at present, with unorganized farmers, all that carrying is done by speculative interests, and the farmer dumps his crop on the market within the first seventy days after harvest, and the speculative in-

terests carry it for the full twelve months period. That's why the speculative interests, with the many connections they have, and with the crop in their hands, have always a better chance for profits than the farmer, who has to dump almost as soon as his crop is harvested. Now, the farmer needs a credit to enable him or the Farmers' Marketing Associations to take these crops and carry them from month to month for orderly marketing, and simply sell parts of them each moment as the consumer, either the manufacturing or milling consumer or the ultimate consumer, are able to absorb them. That is the marketing credit.

Wanted: Square Deal For All

The problem of marketing credits is about in a nutshell this, that in particular the co-operatives need some method under which we can take our crops, take them when they are delivered by the growers, and then market them through the entire nine months or twelve months period in which we do our selling. How could we go about this? Here is one suggestion that may interest this convention. Some of the men think that more money is in the Federal Reserve System, or more credit is available through the Federal Reserve System, than any other method that we know. Since the Federal Reserve System is accessible to oil interests, to mining interests, to steel interests, we say we are going to make it available to the farming interest. Therefore, we say we will solve our problem if somehow they make the Federal Reserve System fit the needs of agriculture, as it already fits the needs of other normal businesses. Under all circumstances and for every kind of crop we rely, first, on the local banks, and we want to see if we can make those local banks more accessible—put them in a position where they can handle the co-operative marketing problem.

Now, the first need in that matter is a longer period of maturity on farm paper, and the paper of co-operative marketing associations. Let me explain why that is necessary. You and I are used to hearing men talk of sixty-day paper, ninety-day paper, one-hundred-and-twenty-day paper; and they say those are the liquid maturities for all kinds of commercial drafts and commercial acceptances; and that's true. But why it is true? Because when those things started they started in England. Turnover determines maturity, and in England when they started in developing what we now know as

our modern banking system, there were lots of factories and lots of shipping men. The factories used to take an average of sixty days to take raw material and convert it into a finished product, which was then ready for market. Today they do the same thing on the average in less than thirty days, but when they evolved this system it took an average of sixty days to convert raw materials into finished products. So sixty-day paper became the standard paper under which factories would go to London bankers and get credit for their needs. Sixty-day paper became the rule. Oh, but there were men who owned ships, and they would take those products, buy them from the factories, take them to India, unload them in India, load them with silks and spices and teas and coffees and things of that kind, and bring those back for consumption in England. That took from ninety to one hundred and twenty days. The turnover in England for manufacture and shipping was sixty, ninety and one hundred and twenty days; and that is why paper came to be of sixty, ninety and one hundred and twenty days' maturity.

Imitated British Banking System

Now, when we started in banking in this country we imitated, and rightly so, the British banking system. What is the result? Sixty, ninety and one hundred and twenty days' paper, fitting our manufacturing needs most generously, fitting our shipping needs most generously, because you get out a turnover in this country that runs from twenty-four days in the average case of factories—but their paper can be three-months' paper; and as for shipping, why they cross the Atlantic and reload and come back in less than eighteen days, and they cross the Pacific and reload and come back in less than forty-two days, even some of the slower ships; so that all of our maturities on paper more than fit the manufacturing and shipping out of this country.

Well, what about agriculture? That is where we differ from England. We have great crops in this country—cotton, wheat, corn, hay, tobacco—all those great annual crops of enormous importance in the world's economies, and the men who built our banking system forgot to look westward; they simply looked to the things on the Atlantic coast. They saw factories and shipping, and we have a financial system that is generous for their needs, and utterly forgets the needs of agriculture.

Now, our turnover on the big crops of this country is an annual turnover, of a full twelve months period. You are picking cotton during a term of five months, from the first day to the last. You are harvesting wheat over a period of almost five months from Texas to North Dakota; say nine months is a fair average of the time between one old crop and a new crop. Nine months is a fair average for the period in which our annual crops actually have a turnover in the trade of the world. Now, what we insist upon is this: The Federal Reserve System permits the rediscount of paper with three months' maturity for ordinary commercial things, and then they gave us the sop of six months' maturity for agricultural purposes. We want nine months' maturity; we want a maturity that corresponds to our turnover, in just the same way as they have given to manufacturing interests a maturity three times the average turnover of modern manufacturing interests. That is the first thing we want, an amendment to the Federal Reserve Act which will permit the paper of farmers, the paper of co-operative marketing associations, to go into the banks with a nine months' maturity and be eligible for rediscount in these Reserve banking systems.

The Hope For Agriculture

Next, they have challenged the fact that co-operative associations represent an agricultural purpose. Now, you and I smile over that, because we cannot think of anything sillier than to say that a co-operative representing nobody but farmers and the crops of those farmers and trying to sell those crops, is not operating for so-called agricultural purposes.

Gentlemen, the boys and girls, the men and women, on the farms of the United States are in our hands. It's absolutely in our leadership as to whether or not they have enough to eat and enough to put on their backs, and enough to send their children to school; that during the few years to come, if we will guide them right, we are going to change the social conditions in every farm family in our country. No one of us will go to Congress for it, because we do not talk the language that will put us in Congress. We are not appealing to prejudice, but if we do our work right, we will put better conditions in every farm home in this land.

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